

Before The
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

RECEIVED

APR 27 1995

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

In the Matter of)
)
COMPTEL Petition on Rate Ceiling On)
Operator Service Calls)
)
and)
)
Petition for Rulemaking of National)
Association of Attorneys General)
Proposing Additional Disclosures By)
Some Operator Service Providers)

CC Docket No. 92-77

DOCKET FILE COPY ORIGINAL

RM-8606

REPLY OF SOUTHWESTERN BELL TELEPHONE COMPANY

As the Comments predictably indicate, the industry remains divided over the rules changes needed in the operator services markets. Some, such as Southwestern Bell Telephone Company, MCI, Ameritech and Sprint, correctly contend that only implementation of an appropriately constructed Billed Party Preference (BPP) plan will achieve the goals of the Commission and Congress. Others support the status quo -- no changes, rate ceilings or warning messages -- while others are not sure what to do.

The Commission must now decide between competition and regulation. SWBT continues to believe that the solution which best addresses the problems in the operator services market and is most in the public interest is Billed Party Preference, if implemented with appropriate cost recovery in the manner proposed by SWBT. Comments offered by a number of parties support this conclusion.

The Commission should not rely on excessive regulation to solve the problems in the operator services market. Regulatory

No. of Copies rec'd
List A B C D E

005

controls have not, and will not, resolve the problems in the operator services market. The Florida Public Service Commission (FPSC), for example, has established a strictly enforced rate cap for operator assisted calls, yet continues to receive customer complaints and has identified overcharges of more than \$2 million in eleven docketed proceedings.¹ The FPSC's rate cap is thus not a sufficient solution. The FPSC agrees with the FCC that BPP appears to reduce regulatory costs while ensuring that customers receive the rates and service provided by their own preferred carrier.²

As in Florida, the Comptel Group's rate ceiling proposal will not reduce excessive OSP rates. The Colorado Public Utilities Commission Staff analyzed the proposal and concluded that rates for calls under 10 minutes would be 160% to 271% higher than the dominant carrier's rates for a customer-dialed calling card call, and 62% to 75% higher than station collect.³

The Commission should enact rules which require Operator Service Providers to compete based on merits of service, rather than on commission payments to traffic aggregators delivering a captive clientele. The Commission must decide if closed, captive and regulated markets are in the best interest of consumers, or if the public interest is better served by open and competitive markets. If the Commission chooses open markets, the Commission

¹ Florida Public Service Commission (FPSC) at 2-3.

² Id.

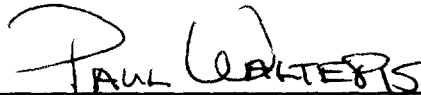
³ Colorado PUC Staff at Footnote 26, Figure 1.

will order the implementation of BPP in the manner suggested by SWBT.

Respectfully submitted,

SOUTHWESTERN BELL TELEPHONE COMPANY

By


Robert M. Lynch
Durward D. Dupre
J. Paul Walters, Jr.

Attorneys for
Southwestern Bell Telephone Company

One Bell Center, Room 3520
St. Louis, Missouri 63101
(314) 235-2507

April 27, 1995

CERTIFICATE OF SERVICE

I, Liz Jensen, hereby certify that the foregoing
Reply of Southwestern Bell Telephone Company in CC Docket
No. 92-77/RM-8606, has been served this 27th day of April,
1995 to the Parties of Record.

Liz Jensen
Liz Jensen

April 27, 1995

ITS INC
2100 M ST NW
RM 140
WASHINGTON DC 20037

ERNEST D PREATE JR
ATTORNEY GENERAL
COMMONWEALTH OF PENNSYLVANIA
STRAWBERRY SQUARE 16TH FL
HARRISBURG, PA 17120

JAMES E. DOYLE
ATTORNEY GENERAL
STATE OF WISCONSIN
114 E STATE CAPITOL
MADISON WI 53702

GENEVIEVE MORELLI
COMPETITIVE TELECOMMUNICATIONS
ASSOCIATION
1140 CONNECTICUT AVE NW
SUITE 220
WASHINGTON DC 20036

ROBERT F ALDRICH
KECK MAHIN & CATE
COUNSEL FOR APCC
1201 NEW YORK AVE NW
WASHINGTON DC 20005-3919

MICHAEL J SHORTLEY III
FRONTIER COMMUNICATIONS
INTERNATIONAL INC
180 S CLINTON AVENUE
ROCHESTER NY 14646

MARY MCDERMOTT
UNITED STATES TELEPHONE
ASSOCIATION
1401 H ST NW STE 600
WASHINGTON DC 20005

CONNIE WIGHTMAN
TECHNOLOGIES MANAGEMENT INC
P O DRAWER 200
WINTER PARK FL 32790-0200

KENNETH F MEDLEY JR
VICE PRESIDENT OF REGULATORY
AFFAIRS
US LONG DISTANCE INC
9311 SAN PEDRO STE 300
SAN ANTONIO TX 78216

CYNTHIA B MILLER
ASSOC GENERAL COUNSEL
FLORIDA PSC
101 EAST GAINES ST
TALLAHASSEE FL 32399

ANTHONY MARQUEZ ESQ
COLORADO PUBLIC UTILITIES
COMMISSION
1580 LOGAN ST
OFFICE LEVEL 2
DENVER, CO 80203

JUDITH ST LEDGER-ROTY
REED SMITH SHAW & MCCLAY
COUNSEL FOR INTELICALL
COMPANIES
1200 18th ST NW
WASHINGTON DC 20036

GREGORY M CASEY
SENIOR VICE PRESIDENT
REGULATORY AND TELEPHONE
COMPANY RELATIONS
ONCOR COMMUNICATIONS INC
6707 DEMOCRACY BLVD
BETHESDA MD 20817

JOHN H GOODMAN
BELL ATLANTIC TELEPHONE
COMPANIES
1133 20TH ST NW
WASHINGTON DC 20036

WILLIAM J BALCERSKI
NYNEX TELEPHONE COMPANIES
1111 WESTCHESTER AVE
WHITE PLAINS NY 10604

JAMES P TUTHILL
NANCY C WOOLF
PACIFIC BELL
NEVADA BELL
140 NEW MONTGOMERY ST
RM 1523
SAN FRANCISCO CA 94105

LEON M KESTENBAUM
JAY C KEITHLEY
SPRINT
1850 M ST NW STE 1100
WASHINGTON DC 20036

DAVID COSSON
L MARIE GUILLORY
NATIONAL TELEPHONE
COOPERATIVE ASSOC
2626 PENNSYLVANIA AVE NW
WASHINGTON DC 20037

RICHARD H RUBIN
MARK C ROSENBLUM
AT&T CORP
295 NORTH MAPLE AVE
RM 3254A2
BASKING RIDGE NJ 07920

MARY S SISAK
DONALD J ELARDO
MCI TELECOMMUNICATIONS CORP
1801 PENNSYLVANIA AVE NW
WASHINGTON DC 20006

ALBERT H KRAMER
ROBERT F ALDRICH
KECK MAHIN & CATE
COUNSEL FOR THE AMERICAN
PUBLIC COMMUNICATIONS
COUNCIL
1201 NEW YORK AVE NW
WASHINGTON DC 20005-3919

RANDALL B LOWE
JENNIFER L DESMOND
PIPER & MARBURY
COUNSEL FOR OPTICOM
1200 NINETEENTH ST NW
WASHINGTON DC 20036-2430

GLENN B MANISHIN
BLUMENFELD & COHEN
COUNSEL FOR GATEWAY
TECHNOLOGIES INC
1615 M ST NW STE 700
WASHINGTON DC 20036

DOUGLAS E NEEL
VICE PRESIDENT, REGULATORY
AFFAIRS
MESSAGEPHONE INC
5910 N CENTRAL EXPRESSWAY
DALLAS TX 75206

GARY L PHILLIPS
AMERITECH
1401 H ST NW STE 1020
WASHINGTON DC 20005

KIRK SMITH
PRESIDENT
OPERATOR SERVICE COMPANY
1624 TENTH ST
LUBBOCK TX 79401

RANDOLPH J MAY
TIMOTHY J COONEY
SUTHERLAND, ASBILL &
BRENNAN
COUNSEL FOR CAPITAL
NETWORK SYSTEMS INC
1275 PENNSYLVANIA AVE NW
WASHINGTON DC 20004-2404